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Executive Director

ARIZONA CORPORATION COMMISSION

August 21, 2006

Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Kristin Mayes
Commissioner Barry Wong

Re: Reaction to APS Financial Issues Report
Docket No. E-01345A-05-0816

Dear Colleagues:

After reviewing the APS Financial Issues Report, I believe I can now wait until the general rate case for further inquiry and discussion on the company's second quarter profitability in 2006. I am no longer of the mindset that we need an interim public meeting regarding APS' financial issues.

In preparation for the fall hearings, I want to use the next few weeks to study the contents of APS' detailed report and available testimony in the rate case. Until then, I will reserve my comments and questions concerning APS' 2006 second quarter earnings.

Given all the APS-related material we now (or shortly will) have, I believe the more appropriate forum for public dissection of the August 17th report – which will be subject to sworn testimony and cross-examination – is the general rate case.

I look forward to your thoughts on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller".

Jeff Hatch-Miller

cc: Brian C. McNeil
Ernest Johnson
Lyn Farmer
Parties to the Docket